



Michigan National Organization for Women

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March 17, 2010

TO: House Labor Committee

RE: **HB 4528 prohibiting credit history discrimination in employment**

Greetings:

The Michigan National Organization for Women urges the House Labor Committee to vote YES on referral of HB 4528 to the House floor for adoption.

As an advocate for women's rights, Michigan NOW is very familiar with the problems women have traditionally had in establishing credit in their own names and credit history discrimination.

Although the federal Equal Credit Opportunity Act of 1974 has done much to reduce sex-based credit discrimination, women continue to have more difficulties than men in gaining and retaining good credit histories. Typically, there are two reasons women don't have credit histories in their own names: either they lost their credit histories when they married and changed their names, or creditors reported accounts shared by married couples in the husband's name only.

Moreover, women going through divorce or separation often face a startling drop in income and inability to pay their bills until financial stability is again achieved. Separation or divorce as a result of domestic abuse may cause an immediate need to leave the marital home and unexpected and immediate poverty for a woman. When a marriage dissolves, the likelihood that a woman will be thrown into poverty while her ex-husband actually enjoys increased disposable income is very high.

In many divorce or separation situations, credit that was issued jointly to the couple is withdrawn from the woman, (not the man), on the basis that her income has decreased dramatically. Some divorce decrees state that the husband (with the higher income) would pay the balances on joint credit card accounts. Months later, after the husband neglected to pay off these accounts, all the creditors contact the ex-wife for payment. She refers them to the divorce decree, insisting that she was not responsible for the accounts. The creditors correctly state that they were not parties to the decree and that the ex-wife was still legally responsible for paying off the couple's joint accounts. The ex-wife later found out that the late payments appeared on her credit report.

NOW's purpose is to take action to bring women into full participation in the mainstream of American society now, exercising all privileges and responsibilities thereof in truly equal partnership with men.

Employer policies that use credit history as a factor in selection for hiring and promotion thus tend to fall especially hard on married, recently divorced, or newly separated women, and domestic violence victims.

With the economy in Michigan faltering, business bankruptcies rising, housing foreclosures at unprecedented levels, and unemployment higher than in 30 years, both men and women in Michigan are going to suffer from poor credit ratings. If employers use a formulaic approach and simply have a cut-off credit score or do not look behind the credit report to ask the applicant for employment for an explanation, the employer may be missing some otherwise excellent candidates. Unlike during times when we had a booming economy and a poor credit rating might be indicative of irresponsibility, many poor credit histories today are due to circumstances well beyond the applicant's control.

The bill correctly attempts to identify those employment sectors where credit history is job related, such as in the banking industry. And thank you to the bill authors for prohibiting waiver of the right to enforce the act as a condition of application for, or acceptance of, an employment offer.

Michigan NOW urges the Committee to refer the bill.

Sincerely,

Mary Pollock
Legislative Vice President
Michigan NOW
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